PROVINCE OF SASKATCHEWAN

08-09

ANNUAL REPORT

MINISTRY OF FINANCE

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Letter of Transmittal – Minister

His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor
Province of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of the Saskatchewan Ministry of Finance for the fiscal year ending March 31, 2009.

The Government of Saskatchewan is committed to delivering and building on its promises to Saskatchewan people. One of those promises is a commitment to increased transparency and accountability.

A significant number of commitments were made to Saskatchewan people in government's first year of holding office. These include commitments made in: the election platform, the fall 2008 Speech from the Throne, the Ministers' Mandate Letters, and the 2008-09 Budget Summary. The 2008-09 Annual Report demonstrates progress towards the commitments that relate to this Ministry as of March 31, 2009.

Government has defined its direction for ministries and has communicated this direction through a vision and goals released with the 2009-10 Budget. Ministries have aligned with this direction and have developed strategies and actions to help deliver on government's plan for Saskatchewan – to be Strong and Steady in the years to come.

The initiatives pursued in 2008-09, and the results achieved, are communicated to the legislature and to the Saskatchewan people through this report. The results achieved within government's first year provide a foundation for establishing priorities and influencing government's future activities. Therefore, the annual reports are not only an important accountability document, but they can help to inform future planning and resource allocation in the upcoming years.

Rod Gantefoer
Minister of Finance
July 2009

Letter of Transmittal – Deputy Minister

The Honourable Rod Gantefoer
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report of the Saskatchewan Ministry of Finance for the fiscal year ending March 31, 2009.

The Ministry maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

Finance takes its responsibility for public accountability seriously and has made every effort to ensure the information and content of the 2008-09 Annual Report is as meaningful and accurate as possible.

Respectfully submitted,

Doug Matthies
Deputy Minister of Finance
June 2009

Introduction

This annual report presents the Ministry's activities and results for the fiscal year ending March 31, 2009. It reports on public commitments made, and other key accomplishments of the Ministry.

As a transition year, the 2008-09 Annual Report follows a similar format to the 2007-08 Annual Report, and also includes the government's vision and three goals. With the release of Ministry Plans for 2009-10, ministries will report on publicly committed strategies and actions identified in their plan within the 2009-10 Annual Report.

The 2008-09 Annual Report also sets the stage for the 2010-11 planning and budget process by providing an opportunity to assess the accomplishments, results, and lessons learned, and identifying how to build on past successes for the benefit of Saskatchewan people.

Alignment with Government's Direction

The Ministry's 2008-09 Annual Report aligns with government's vision and three goals:

Our Government's Vision

A secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing a high quality of life for all.

Government's Goals

- Sustain Economic Growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.
- Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.
- Keep government's promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

Together, all ministries and agencies support the achievement of government's three goals, and work towards a secure and prosperous Saskatchewan.

The Ministry of Finance has made significant progress implementing many of the early commitments made by the new government since it was elected in November 2007. These early commitments support the government's strategic priorities: growth, security and promises. Below are updates on these commitments from the Minister's Mandate Letter, the 2008 Speech from the Throne, and other key government commitments, as well as information and updates for performance measures, organized by Finance's core business areas.

Ministry Overview

The Ministry of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the government on financial implications associated with its policy decisions. The Ministry, with direction from Treasury Board and Cabinet, assists in managing and controlling the finances of the province to ensure appropriate use of public funds. The Ministry also analyzes and provides advice on tax policy matters in support of a competitive tax regime that supports the government's spending and debt strategies. It maintains a close working relationship with the federal government, other provincial governments and other government bodies within the province to effectively address financial issues of mutual concern.

The Ministry of Finance is responsible for receiving the majority of revenues for the Government of Saskatchewan. These include revenues from taxation, transfers from government entities, such as Crown Investments Corporation of Saskatchewan, and transfers from the federal government. Payments are disbursed through Finance to fund public services such as health care, education and road maintenance. To ensure government is accountable to the people of Saskatchewan, Finance assists ministries in their annual performance planning, measuring and reporting processes.

Finance also provides services directly to the public by administering provincial pension plans and employee benefit plans, administering provincial tax programs including the Provincial Sales Tax, delivering the Saskatchewan Savings Bonds program and undertaking communication initiatives to keep the public informed about finance-related issues.

The Ministry ensures integrity in the management and control of government's revenues, expenditures and assets. Finance is the lead ministry in balancing budgets, reducing the provincial debt, designing and administering fair and effective tax regimes, and ensuring accountability to the public and the Legislative Assembly for the use of public funds.

Ministry of Finance staff are trained in fields ranging from economics and accounting to public policy, financial administration, commerce, communications and many other skilled and professional fields. Staff are primarily located in Regina, with regional offices in Saskatoon, Prince Albert, Swift Current and Yorkton.

Finance's full-time equivalent (FTE) budget for 2008-09 was 444.5 compared to an actual FTE utilization of 413.1. The variance of 31.4 FTEs was generally due to difficulty recruiting qualified candidates for certain positions, short-term vacancies during the staffing process and vacancy management of certain positions.

Of this 31.4 FTE variance, 16.9 were attributable to the Public Employees Benefits Agency (PEBA) whose FTEs are charged to the various pension and benefit plans it administers. The remaining variance of 14.5 FTEs was in Ministry operations, including 7.1 FTEs in the Provincial Comptroller's Division. Both PEBA and the Provincial Comptroller's Division experienced difficulty recruiting qualified candidates for some positions. By year-end the Ministry had filled some of its vacancies and continues to work towards filling the remaining vacancies.

Core Business Areas

The Ministry provides the Minister of Finance, Treasury Board, Cabinet and the government with information, analysis, advice and services in eight core business areas.

1. Budget Analysis/Tax Policy
2. Comptrollership/Financial Management
3. Revenue Operations
4. Treasury and Debt Management
5. Government Performance Planning, Measuring, and Reporting
6. Personnel Policy Secretariat
7. Central Management and Services
8. Pensions and Benefits Administration

Progress in 2008-09

Significant Achievements in 2008-09

In an October 21, 2008 news release, Premier Wall announced significant reduction in taxes and debt. By the end of 2008-09, government achievements included recording a General Revenue Fund (GRF) surplus of $2.39 billion, a reduction of $2.68 billion in government general debt, and a considerable reduction in income taxes. This reduction in debt far exceeded the commitment in the 2008-09 Budget Summary, which stated that "$250.0 million will be put towards a debt payment to reduce interest costs and to work towards government's long-term objective of eliminating the debt."

The $2.39 billion GRF surplus for 2008-09 represents a $2.14 billion increase over what was projected in the Budget Estimates. This increase is due to a $2.96 billion increase in revenue, primarily from higher non-renewable resource revenue and gains in other own-source revenue as the result of high resource prices and strong economic activity. These increases were partially offset by a $1.24 billion increase in expense over budget and resulted in a pre-transfer surplus improvement of $1.72 billion. The remainder of the increase in the surplus over budget is the result of a $418.6 million increase in the net transfer from the Growth and Financial Security Fund to the GRF for debt reduction purposes.

Government general debt at March 31, 2009 is $4.15 billion, a reduction of $2.68 billion from March 31, 2008. This is the largest decrease in debt in Saskatchewan's history.

During 2008-09, the government introduced a significant personal income tax cut by increasing Saskatchewan's personal tax credit amounts for the 2008 taxation year. The basic and spousal tax credit amounts were increased by $4,000 and the child tax credit amount was increased by $2,000 per child. This initiative raised the income threshold at which provincial income tax becomes payable, resulting in an estimated 80,000 lower income earners that no longer have to pay provincial income tax. In addition, effective July 2008, Saskatchewan's refundable Low-Income Tax Credit was enhanced to increase benefit levels and expand eligibility. These initiatives reduced 2008-09 income tax revenue by an estimated $334 million.

Progress by Core Business Area

Budget Analysis/Tax Policy

Finance supports effective government decision-making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and government ministries. This includes financial and policy advice on budget decisions, updates on the Province's revenue, expense and debt position, as well as information on general economic and social issues. Finance establishes and co-ordinates the budget development process to enable Treasury Board and Cabinet to make effective resource allocation decisions. Finance also analyzes and provides advice on tax policy matters in support of a competitive tax regime that supports the government's spending and debt strategies.

The Ministry is also responsible for working with the federal government on programs such as Equalization, the Canada Health Transfer, the Canada Social Transfer, the Canada Pension Plan, fiscal arrangements concerning First Nations in Saskatchewan and other federal-provincial programs. As well, the Ministry houses the Saskatchewan Bureau of Statistics, which reports on provincial and national economic indicators.

Results

- Finance issued timely economic and fiscal forecasts, reports and analysis, as well as fiscal strategies and options, to achieve the government's financial plan within fiscal legislation. Economic and fiscal forecasts were provided in the Budget and Mid-Year Financial Report. As well, throughout the year, Cabinet and Treasury Board were provided with analysis, strategies and options as required.

- Finance operated a budget process that supports the development and ongoing support of a sound financial plan, by providing decision-makers with realistic program options and the information necessary to analyze those options. Finance provided ministers with detailed, high-quality analysis and recommendations to ensure that budget decisions align with government priorities with which they could make well-informed budget and program decisions to

ensure programs are economical, efficient and effective. Timely decisions were made and the 2009-10 Budget was released on March 18, 2009.

- Government tabled a balanced 2009-10 Budget and included a four-year financial projection (Throne Speech and Mandate Letter commitment). The 2008-09 Public Accounts recorded a $2.4 billion GRF surplus, a significant improvement over the $0.6 billion surplus recorded in 2007-08.

- The government issued timely quarterly financial reports to the general public, providing information on the government's current financial position. The First Quarter Financial Report was released on July 31, 2008, the Mid-Year Report on November 12, 2008, and the Third Quarter Financial Report on February 27, 2009.

- Finance continued to monitor the tax systems of other jurisdictions and the revenue requirements of the government, which was reported to the Minister of Finance and the Treasury Board as part of the annual budget development cycle.

In the 2008-09 Budget, the government made a commitment to double the Caregiver Tax Credit that provides tax relief to those individuals providing in-home care for an adult infirm dependent relative, or a parent or grandparent aged 65 and over. Legislation was passed on May 14, 2008, which provided the following tax reductions:

- Doubled the Caregiver Tax Credit from $4,095 to $8,190

- Doubled the Infirm Dependent Tax Credit from $4,095 to $8,190

- Doubled the Disability Supplement Tax Credit from $4,095 to $8,190

- Increased the Disability Amount for Self Tax Credit from $7,021 to $8,190

Measurement Results

Public Service as percentage of the Saskatchewan population

One of the government's publicly stated objectives is to reduce the footprint of government. One measure of the footprint is the size of the public service in relation to the Saskatchewan population. The purpose of this measure is to monitor the size of the public service and gauge whether it is growing or diminishing as a percentage of the population of Saskatchewan.

A commitment was made by government under *The Growth and Financial Security Act* (section 33), and was also included in the Mandate Letter for the former Minister responsible for the Public Service Commission (PSC), the Honourable Wayne Elhard. Both Treasury Board (as per section 33(2) of the Act), and the Minister responsible for the PSC are responsible for monitoring the size of the public service.

This is a key performance measure for government. To support government's commitment to increased transparency and accountability, the Ministry of Finance is including this performance measure in its annual report. The measure has been developed in consultation with the PSC. Setting a baseline for size of the public service as a percentage of the provincial population allows government to closely monitor this indicator over the coming years.

Size of Public Service in relation to the population

The public service as a percentage of the population has dropped by 2.57 per cent from the previous year. The public service as a percentage of the population was 1.21 per cent in 2008-09 compared to 1.24 per cent in 2007-08. While the population of Saskatchewan increased in 2008-09 compared to 2007-08, the number of public service FTEs decreased from 12,405 in 2007-08 to 12,284 in 2008-09.

For additional information on this measure, please see Appendix F.

Size of Public Service in Relation to the Population			
	2007-08	**2008-09**	**Change**
Population at July 1[1]	999,697	1,015,985	1.63%
Public Service FTEs[2,3]	12,405	12,284	(0.98)%
Public Service as percentage of population	1.24%	1.21%	(2.57)%[4]

[1] Population numbers are from Statistics Canada and are available from the Provincial Government Statistics Bureau website www.stats.gov.sk.ca/

[2] Public Service as referred to in *The Growth and Financial Security Act* are employees of Executive Government employed under *The Public Service Act, 1998.*

[3] FTE stands for full-time equivalent and is defined in regulations of *The Growth and Financial Security Act.* The use of full-time equivalents converts a workforce that includes part-time, full-time, temporary and seasonal employees into a measure that treats all paid employment as if it is full-time for the entire year. The calculation for the measure divides the total number of paid hours in the year by the number of hours a full-time employee would normally be paid for the year.

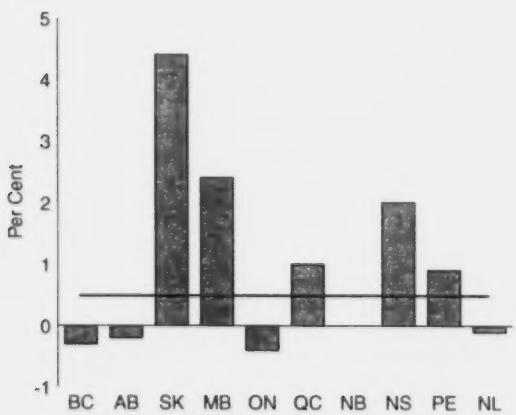
[4] This number will not calculate precisely from the table information due to rounding.

Economic growth – real GDP growth

This measure is of interest internally, to the Ministry of Finance and to government, as well as externally. Economic growth refers to the expansion of the economy over a certain period of time, usually a calendar year. It is measured as the per cent rate of increase in real Gross Domestic Product or real GDP.

The rate of increase in real GDP is an indicator of the health of the economy. When the economy is growing, it is said to be in good shape. In 2008, Saskatchewan led all provinces in terms of real GDP growth.

Real GDP Growth



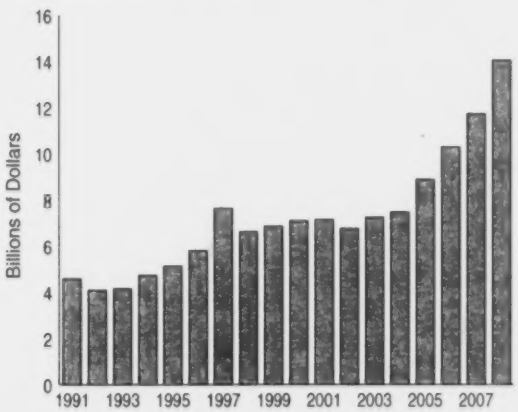
Source: Statistics Canada

Total capital investment in Saskatchewan (public and private investment)

This measure is of interest internally, to the Ministry of Finance and to government, as well as externally. Capital investment in the province demonstrates confidence in Saskatchewan as a place to invest and to do business, which in turn helps to provide for future economic growth.

In 2008, total capital investment in Saskatchewan increased by 19.8 per cent, the highest growth among provinces.

Total Capital Investment



Source: Statistics Canada

Real GDP by industry, 2008

This measure is of interest internally, to the Ministry of Finance and to government, as well as externally. Real GDP by industry shows the industrial composition of the province which is generally used to indicate how well diversified the economy is. A well diversified economy is less susceptible to sector-specific shocks and generally in a much better position to continue to grow.

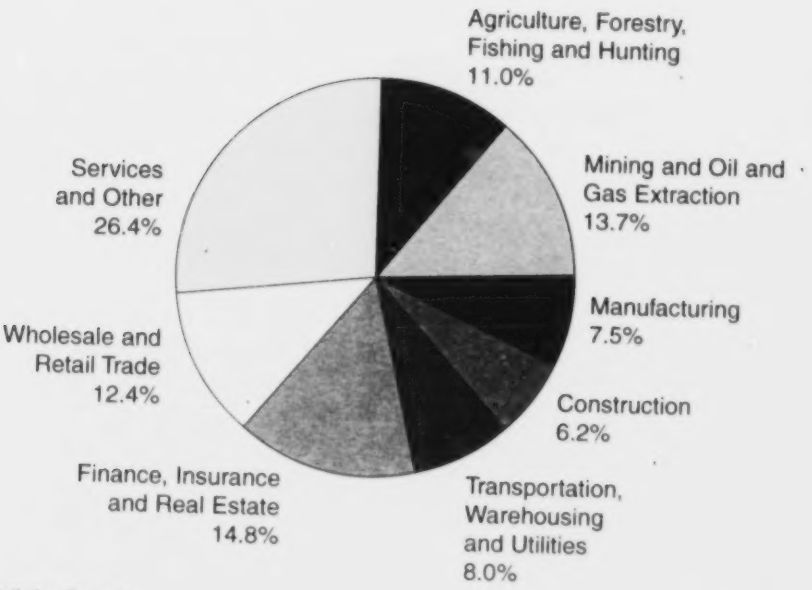
In 2008, Finance, Insurance, Real Estate, Renting and Leasing accounted for the largest share of Saskatchewan's total real GDP. This is followed by Mining and Oil and Gas Extraction; Wholesale and Retail Trade; Agriculture, Forestry, Fishing and Hunting; Transportation, Warehousing and Utilities; and, Manufacturing.

Tax measures

The performance measures described below attempt to provide an indication of the fairness and competitiveness of Saskatchewan's personal taxes. The measures are prepared on a calendar year basis to coincide with the typical taxation year for income tax purposes. In 2008, the measures were impacted by the personal income tax reduction initiative announced by the government on October 21, 2008.

The calculations upon which the performance measurements are based are performed by the Ministry of Finance using internal tax simulation calculations. Each of the measures is based on a determination of combined provincial income and sales taxes payable by representative family profiles.

Real GDP by Industry


Agriculture, Forestry, Fishing and Hunting 11.0%
Mining and Oil and Gas Extraction 13.7%
Manufacturing 7.5%
Construction 6.2%
Transportation, Warehousing and Utilities 8.0%
Finance, Insurance and Real Estate 14.8%
Wholesale and Retail Trade 12.4%
Services and Other 26.4%

Source: Statistics Canada

For each family profile, provincial income taxes are calculated based on the following assumptions:

- each family has two dependent children;
- for the two-income family, one spouse earns 60 per cent of the total income and the other earns 40 per cent;
- the single parent family and the two-income family claim $3,000 in deductible child care expenses;
- each family claims available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions; and,
- for the purposes of interprovincial tax comparisons, Québec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.

In addition, provincial sales taxes are calculated based upon average family expenditure baskets from the *Survey of Family Expenditures in 2007* (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province. Refundable provincial income tax credits designed to reduce the impact of sales taxes are netted from the sales tax calculations.

Income and sales taxes paid by representative taxpayers

Saskatchewan's tax levels for representative taxpayers provide an indication of the amount of after-tax or disposable income available to residents. Declining tax levels are therefore suggestive of improvements in the relative prosperity of residents.

In 2008, income taxes for each of the representative profiles declined as a result of the indexation of the income tax system (the indexation factor for 2008 was 1.9 per cent) and the personal income tax cut announced by the government in October.

Saskatchewan Income and Sales Taxes Paid by Representative Taxpayers

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Single parent family earning $25,000	$ 862	$ 691	$ 619	$ 560	$ 515	$ 466	$ 382	$ 176	**$ 20**
One-income family earning $50,000	$ 5,446	$ 4,486	$ 4,284	$ 4,005	$ 4,007	$ 4,124	$ 4,001	$ 3,367	**$ 2,207**
Two-income family earning $75,000	$ 7,417	$ 6,983	$ 6,721	$ 6,390	$ 6,432	$ 6,656	$ 6,516	$ 6,096	**$ 4,710**

Source: Ministry of Finance, Tax Simulation Models

Interprovincial tax comparisons for selected average family profiles

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers is indicative of the competitiveness of our tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces.

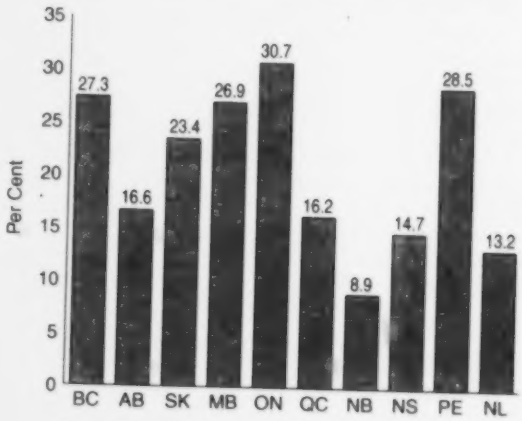
Saskatchewan's tax competitiveness relative to other provinces improved in 2008, primarily due to the personal income tax cut announced by the government in October 2008.

Interprovincial comparison of Marginal Effective Tax Rates (METRs) on new business investment

METR analysis provides a way of measuring the relative effect of business taxes on capital investment attractiveness between jurisdictions. METRs incorporate all of the various taxes that become payable as a result of incremental capital investment, including corporate capital and income taxes and sales taxes on capital acquisitions.

At 23.4 per cent, Saskatchewan's METR currently ranks second best of all provinces west of Québec as of 2008; the result of the implementation of business tax reductions by Saskatchewan and the federal government. This compares to Saskatchewan's METR of 38.9 per cent in 2005, when Saskatchewan ranked last in the country.

METRs on New Business Investment, in 2012



Source: Finance Canada, 2008 Federal Budget

Saskatchewan's Interprovincial Tax Competitiveness Rankings* for Representative Taxpayers

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Single parent family earning $25,000	5	5	4	4	3	3	3	3	**2**
One-income family earning $50,000	5	4	4	4	4	4	4	3	**2**
Two-income family earning $75,000	4	4	4	4	4	4	4	4	**3**

* The ranking is from 1-10 (for the 10 provincial jurisdictions), indicating the lowest to highest provincial taxes.

Source: Ministry of Finance, Tax Simulation Models

Comptrollership/Financial Management

Finance assists the legislature and the government in controlling and accounting for the receipt and disposition of public money.

Through the Office of the Provincial Comptroller, the Ministry develops and maintains the government-wide revenue and expense systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts. Finance ensures that ministries maintain appropriate financial and management controls and are properly accounting for their revenues and expenses.

Results

- Finance provided input into the activities of Canadian and international government accounting standard setting bodies.
  - Accounting policies continue to evolve. Providing input into the activities of government accounting standard setting bodies ensures accounting policies result in relevant and reliable government financial statements.
  - Public Sector Accounting Board (PSAB) activities and international accounting standards are being closely monitored. Feedback has been provided to PSAB on all documents issued for comment and to the International Public Sector Accounting Standards Board (IPSASB) where deemed appropriate.
  - During the year, PSAB continued its work on a large project to revise the recommendations related to government transfers (grants). Transfers represent the single largest expense of governments. There are currently differences in accounting treatment for transfers across jurisdictions, as well as widespread disagreement on the appropriate treatment between financial statement preparers and auditors. The results of this project could have a significant impact on the timing of transfer expenses and revenues for governments. During the year, PSAB's progress on this project has been closely monitored and feedback provided on documents issued for comment.
  - Other significant projects being monitored include financial instruments, tax revenue, accounting policies for government organizations, environmental liabilities, and IPSASB's conceptual framework for governments.

Measurement Results

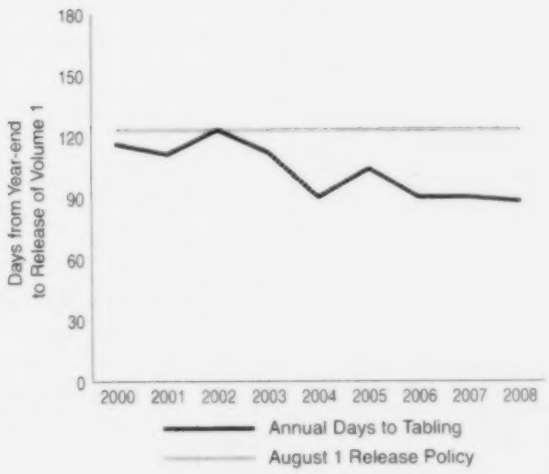
Timeliness of the release of Public Accounts, Volume 1

Timeliness of financial statements contributes to government's accountability. Under *The Financial Administration Act, 1993*, the Public Accounts must be tabled on or before October 31. In 2000, the government established a policy of tabling Volume 1 of the Public Accounts on or before August 1.

Volume 1 of the 2007-08 Public Accounts was released June 27, 2008.

The following chart shows the timeliness of the Public Accounts since 2000.

Timeliness Trend
Release of Volume 1 of the Public Accounts



Source: Saskatchewan Public Accounts

Number of audit qualifications on the Province's General Revenue Fund financial statements and on the Summary financial statements

Reliability of the financial statements contributes to the government's accountability. Financial statements with few (or no) audit qualifications are considered more reliable than those that have many.

There were two audit qualifications on the General Revenue Fund's 2007-08 financial statements. The first audit qualification on the GRF 2007-08 financial statements relates to the pension liability that is disclosed in the notes rather than accrued on the statements. The second relates to the treatment of transfers between the GRF and the Fiscal Stabilization Fund and Saskatchewan Infrastructure Fund. The Province records this transaction in accordance with legislation. These qualifications have appeared in previous audit opinions.

There were no qualifications on the Summary financial statements for 2007-08. The Summary financial statements have received a clean audit opinion since 1993-94.

Number of Public Sector Accounting Board (PSAB) standards that have not been implemented in the General Revenue Fund financial statements and in the Summary financial statements

Relevance of financial statements contributes to government's accountability. Financial statements that comply with PSAB standards are considered more relevant than those that do not.

The General Revenue Fund financial statements and the Summary financial statements are relevant.

All PSAB recommendations have been implemented in the Summary financial statements for 2007-08. One recommendation – recording pensions on an accrual basis – remains unimplemented in the GRF for 2007-08. The government's GRF financial statements continue to disclose the pension liability in the notes and expense actual cash payments to retired plan members and cash contributions to its pension plans.

Percentage of entities meeting tabling deadline

Approval of financial statements by the Ministry contributes to timely, reliable and relevant financial reporting by Treasury Board Crowns and agencies. On behalf of Treasury Board, the Ministry provides approval in advance of the tabling of financial statements.

The Ministry monitors entities' compliance with tabling deadlines for their financial statements. Pursuant to *The Tabling of Documents Act, 1991*, entities are required to table their statements within 120 days of their year-end.

The following table displays the percentage of entities meeting the tabling deadline of 120 days:

Year	Percentage of Entities Meeting Tabling Deadline
2008-09	77%
2007-08	76%
2006-07	84%
2005-06	84%
2004-05	81%

Source: Legislative Assembly of Saskatchewan website

Number of significant deficiencies that were detected but not appropriately addressed by the affected ministries

Finance assesses internal controls of the government's financial systems and assists in the development and implementation of improvements where required. In order to ensure effective government-wide financial practices, ministries must appropriately address all significant deficiencies that are detected. A significant deficiency is an internal control deficiency that adversely affects government's ability to safeguard its assets and record, process or report financial data reliably. Finance develops and implements financial policies and procedures and conducts internal control reviews to monitor for significant deficiencies in financial programs/systems.

For the fiscal year 2008-09, Finance assessed the internal control risk on 184 financial programs/systems. All detected significant internal control deficiencies have been or are being adequately addressed.

Management has accepted all 133 recommendations that Finance made in 2008-09. 120 recommendations (90 per cent) have been implemented. The rest are in various stages of completion.

During the past six years, ministries appropriately addressed all detected significant deficiencies.

Source: Ministry of Finance, Internal Control Reviews

Revenue Operations

Finance administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds and providing information related to tax and rebate programs. The programs administered by the Revenue Division include the following:

Tax Information Services Program
To provide tax information and instruction to taxpayers and the general public to assist them in understanding the various tax statutes, refund and rebate programs.

Audit Program
Audits are conducted to ensure tax is properly collected and remitted and to ensure tax is paid on consumer goods. The majority of the audits conducted deal with Provincial Sales Tax.

Fuel, Tobacco and Prorate Programs
Administer the province's fuel and tobacco taxes, including programs related to the tax exemption under Section 87 of the *Indian Act* (Canada) and the *International Fuel Tax Agreement* which provides for the prorating of fuel taxes to all jurisdictions in which a carrier travels.

Farm Fuel Program
Validates all farm fuel exemption permits and provides refunds to farmers and primary producers eligible for a fuel tax rebate.

Corporation Taxes Program
Deals with various programs, including the Resource Surcharge, Fire Prevention Tax, Insurance Premiums Tax and Motor Vehicle Insurance Premium Tax.

Results

- Finance developed and implemented a Taxpayer Service Commitments and Standards Code to ensure that the public is aware of their rights when dealing with the Ministry. In addition, the code outlines the standards and behaviour clients can expect from Ministry staff and strengthens that relationship.

- Finance conducted and reported survey results for businesses collecting taxes. The bi-annual survey was conducted in 2008-09 resulting in 91 per cent client satisfaction with the Ministry's quality of service compared to 89 per cent in 2006-07. The next survey will be conducted in 2010-11.

- Finance consistently responded to requests for tax information and provided accurate information within 24 hours whenever possible.

- Finance processed over 99 per cent of tax refunds within 21 days of receiving complete required documentation.

- Finance continued to promote the Saskatchewan Electronic Tax Service (SETS) to clients through the use of information stuffers included with tax returns every three months and through our website at **www.gov.sk.ca/finance/revenue/efile**

  - Information stuffers promoting SETS were sent out with tax returns on three occasions during the year. Additional advertising in business-focused publications is planned for 2009-10.

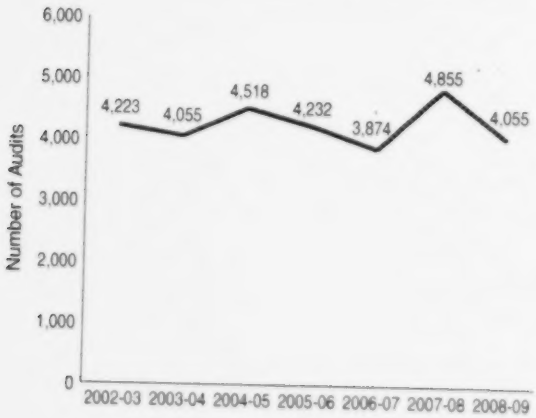
  - Collection and Enforcement staff promote the SETS payment process to their clients when talking to them on the phone or meeting with them to establish orderly payment plans.

- Tax Information Services staff promote the SETS application when talking to taxpayers on the phone, meeting with them about their specific business and as part of their Community Visits initiative. Also, PST Information Bulletins include a section about the SETS program.

Measurement Results

Number of audits conducted on businesses liable for taxes under the statutes administered by Finance

Number of Audits Conducted on Businesses



Source: Ministry of Finance, Revenue Division Time Control Tracking System

In 2008-09, 4,055 audits were conducted on businesses paying or collecting taxes administered by Finance. This represents a decrease of 800 audits compared to 2007-08 (4,855 audits). The decrease is primarily due to the significant number of small audits associated with refund claims processed in 2007-08. The large volume of refunds processed in 2007-08 was an isolated event relating to the used vehicle exemption that was announced in November 2007.

A reasonable target for the number of audits that will be conducted in 2009-10 is 3,940, which is the average number of audits conducted over the past two years (excluding the vehicle refund program in 2007-08). Emphasis will again be placed on the large complex audits. It should be noted, however, that staff turnover can affect the number of audits conducted in any particular year.

The number of audits is derived from weekly timesheets prepared by audit staff and recorded in the Revenue Division's Time Control Tracking System. The system accumulates the weekly activities from the various work units throughout the division. The data is driven by weekly timesheets prepared by each employee.

Per cent of businesses, which collect taxes on behalf of government, that are satisfied with the Ministry's quality of service and timeliness of responses, refunds and adjustments.

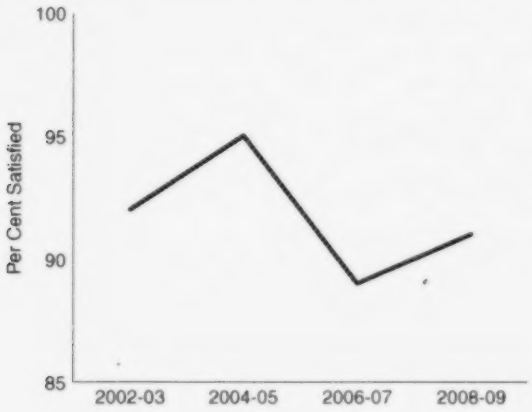
In 2002-03, the Ministry committed to conducting bi-annual client satisfaction surveys of businesses collecting taxes on behalf of government. This allows businesses to evaluate the Ministry's performance and helps the Ministry determine how its timeliness of responses, refunds and adjustments may be improved.

Surveys were sent to 555 businesses based on a random sample of businesses that collect Provincial Sales Tax, Fuel Tax, Tobacco Tax and Corporation Capital Tax. The response rate for the surveys was 33 per cent.

Combining all tax types, every survey question for 2008 has a higher satisfactory response rate than in 2006. The highest satisfaction rating related to "helpfulness of staff," where 94 per cent of respondents were satisfied or very satisfied.

The overall satisfaction rating for all questions and all tax types was 91 per cent, up from 89 per cent in 2006.

Per Cent of Businesses Satisfied with the Ministry's Quality of Service



Source: Ministry of Finance

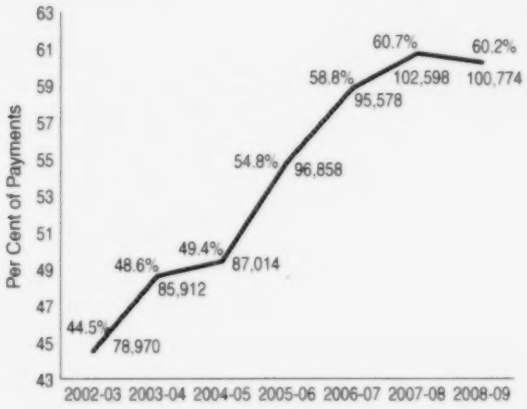
The next survey will be conducted in 2010-11.

Per cent of tax payments processed electronically

The measure was determined from statistical reports generated from Revenue Division's SETS and Consumption Tax systems. SETS was introduced in September 2001 to offer businesses a secure, fast, and convenient alternative to filing and paying tax returns in paper format. The service is available for most revenue and refund programs administered by the Ministry, including Provincial Sales Tax, Liquor Consumption Tax, Tobacco Tax, Fuel Tax, Corporation Capital Tax (instalment payments only), Insurance Premiums Tax, Beverage Container Program, and the International Fuel Tax Agreement.

The Ministry uses the percentage of tax payments processed electronically as a measure of performance in meeting its objective of streamlining regulatory compliance. Businesses that use electronic methods to make payments are able to save time and money on regulatory compliance and channel their resources to other business activities. The measure is determined from statistical reports generated from the main revenue system.

Per Cent of Tax Payments Processed Electronically



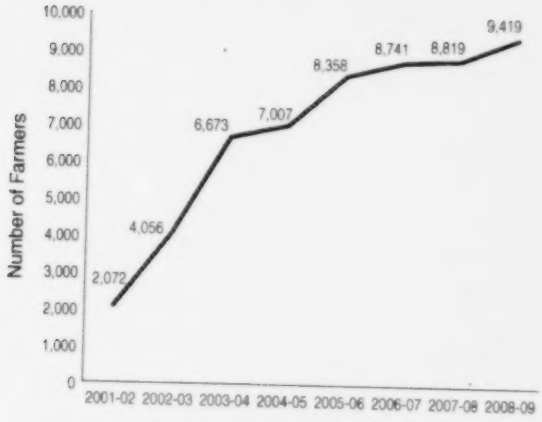
Source: Ministry of Finance, Revenue Division Statistical Reports

In 2008-09, there were 100,774 payments processed electronically. This is a 0.5 per cent decrease from the 2007-08 result. The reduction of 0.5 per cent was analyzed to determine the cause. Three of the four electronic methods saw increased usage in 2008-09. The only category that went down was payments made in person at financial institutions. Many factors may have caused this decline, but they are all under the control of the financial institution, not the Ministry.

The Ministry influences this performance measure by offering additional services, enhancing existing services and continuing to encourage businesses to use SETS. Extending the electronic services offered by the Ministry does not assure take-up. A balance is required to ensure the electronic services offered meet the needs of Saskatchewan businesses.

Number of farmers that applied for fuel tax permit renewals on-line

Number of Farmers Using SETS



Source: Ministry of Finance, SETS

SETS was enhanced in February 2002 to offer farmers, commercial fishers, loggers, and trappers a secure, fast, and convenient alternative to filing their Fuel Tax exemption permit renewal in paper format. Ongoing enhancements to SETS are part of continuing efforts by the Ministry to reduce regulatory burden and meet our goal of providing excellent service to our clients.

The number of farmers that filed permit renewals on-line measures the Ministry's performance in meeting the objective of ease of tax compliance. The measure is calculated from the SETS database of those who apply for permit renewals for each renewal period.

In 2008-09, a total of 9,419 farmers filed rebates or permit renewals using SETS (there are approximately 40,000 active permit holders in the program). This is a 6.8 per cent increase over the 2007-08 result. This increase is related to the efforts made promoting the service. Farmers using SETS are able to save time and money on regulatory compliance, instead of channeling their resources from other business activities.

The Ministry influences this performance measure by offering additional services, enhancing existing services, and continuing to encourage farmers to use SETS. Extending the electronic services offered by SETS does not assure take-up. A balance is required to ensure the services offered through SETS meet the needs of Saskatchewan farmers.

Treasury and Debt Management

Finance borrows to meet the funding requirements of the government, including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund. It also provides an investment management service for various funds administered by the government, Crown corporations and other agencies.

Results

- On an ongoing basis, Finance optimizes the government's cost of borrowing through strategic financing, cash management, debt administration, and foreign exchange and risk management. During fiscal 2008-09, the Province borrowed $293.8 million for both the Crown corporation sector and general government purposes. Of this, $290.5 million was raised in capital markets and $3.3 million was raised through the sale of Saskatchewan Savings Bonds to Saskatchewan residents.

Measurement Results

Government Debt to GDP Ratio

Investor confidence is influenced by this ratio because it provides a measure of the Province's debt relative to the size of the economy. One facet of the government's financial plan is to manage government debt levels.

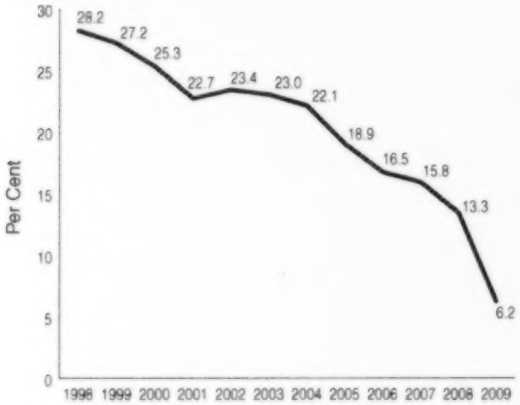
At March 31, 2009, the government debt to GDP ratio was 6.2 per cent, a drop of 7.1 percentage points from the March 31, 2008 level of 13.3 per cent. This is the lowest debt to GDP ratio since March 31, 1984.

Since 1993, government debt as a percentage of GDP has declined significantly. At March 31, 1993, the debt to GDP ratio was 41.6 per cent, 35.4 percentage points higher than the current ratio.

This ratio is influenced by the state of the global, North American and Canadian economies, as well as the level of government debt.

This ratio is calculated by dividing GDP for the previous calendar year by the level of government debt at March 31. Debt is gross debt net of sinking funds plus guaranteed debt. Gross debt is the amount owed directly to lenders and sinking funds are funds set aside for the repayment of that debt. Guaranteed debt is the debt of others that the Province has promised to repay if they are unable to do so. Government debt is debt borrowed to finance government programs as opposed to debt borrowed for, and repayable by, Crown corporations. GDP, or gross domestic product, is the total value of all goods and services produced in the economy. Nominal GDP is used for this calculation.

Government Debt and Guaranteed Debt as a % of GDP



Source: Saskatchewan Public Accounts and Saskatchewan Provincial Economic Accounts

Credit Ratings

A credit rating is an independent evaluation by a recognized objective agency of a borrower's willingness and ability to service and repay debt.

Investors rely on credit ratings when making investment decisions. Many investors have guidelines that are based on credit ratings (e.g., must purchase bonds rated "AA" or higher). Therefore, a borrower's credit rating will impact the availability of credit, both in terms of the number of investors and the pool of funds it can tap.

All credit rating agencies now rate the Province at the "AA" level. This is extremely important to international investors, many of whom have a "AA" credit rating requirement for investment.

During 2008-09, the Province received one credit rating upgrade from AA to AA+ from Standard and Poor's.

Government Credit Ratings			
	Rating Agency		
Jurisdiction	**Moody's**	**Standard & Poor's**	**DBRS**
British Columbia	Aaa	AAA	AA(high)
Alberta	Aaa	AAA	AAA
Saskatchewan	Aa1	AA+	AA(low)
Manitoba	Aa1	AA	A(high)
Ontario	Aa1	AA	AA
Québec	Aa2	A+	A(high)
New Brunswick	Aa1	AA-	A(high)
Nova Scotia	Aa2	A+	A
Prince Edward Island	Aa2	A	A(low)
Newfoundland and Labrador	Aa2	A	A
Canada	Aaa	AAA	AAA

Government Performance Planning, Measuring, and Reporting

Finance works to improve program effectiveness, budgeting, performance measurement and reporting practices across government. It works with ministries to develop and implement a "managing for results" approach within Executive Government, to provide analysis and advice to Treasury Board and to undertake analysis of assigned special projects and reviews. Finance also works to build capacity for improved management practices across government.

Results

- In order to build capacity for a stronger "managing for results" approach across government ministries, Finance, in collaboration with Executive Council and the Public Service Commission, established the Public Service Planning Network. The intention of the Network is to provide planning, budgeting, policy and communications professionals who are involved in planning, performance measuring and reporting activities an opportunity to share ideas and make improvements to these functions.

The collegial approach adopted by the Network resulted in some early successes:

- greater dialogue and participation by ministries in the work they share;
- improved clarity on approach; and,
- significant improvements to the format and display of the 2009-10 ministry plans released with the Budget in the spring of 2008.

The consensus achieved through the Network was that ministry plans should be more concise, yet written and displayed in an interesting manner, in order to reach a broader audience. To move forward on "best practices," they should also demonstrate alignment with government's priorities, be written in clear, readable text, and provide web links to allow readers to drill down for more information on ministry programs and activities.

In that vein, a number of improvements were undertaken in the 2008-09 fiscal year. A consistent location for ministry plans is now provided on the government website and common button ads help the public locate ministry plans. This provides a consistent framework for plans and reports, while improving government's Internet presentation of this information.

- Finance has been working closely with Executive Council to implement government's renewed approach to accountability. Government's vision, goals and priorities were communicated to ministries in the spring of 2007, providing policy direction and an overall framework for the development of plans and budgets to be considered in the 2009-10 planning and budget cycle. Government's plan, "Strong and Steady," was then articulated publicly through the release of *Government's Direction for 2009-10* when the 2009-10 Budget was released March 18, 2009.[1]

- Efforts undertaken across ministries in 2008-09 demonstrate government's commitment to improved accountability and transparency. Finance will continue to build capacity for this work and provide leadership and guidance to ministries to continue to meet best practices in planning, measuring and reporting.

Measurement Results

Provincial Auditor's assessment of government's accountability systems

This measure relates to government's overall system of accountability and the quality of ministry plans and annual reports as assessed by an independent third party, the Provincial Auditor. The Provincial Auditor's approach to assessing government's accountability systems has differed over the years; this measure tries to capture the differences in those assessments.

Provincial Auditor's Assessment of Government's Accountability Systems

Fiscal Year	Satisfaction with Processes and/or Guidelines	Assessment of Plans and Reports	Provincial Auditor's Report
2007-08	Partially	N/A	2008 Vol. 3, Ch. 20
2006-07	Partially	N/A	2007 Vol. 3, Ch. 9
2005-06	Yes*	Positive	2006 Vol. 3, Ch. 14
2004-05	Yes	Positive	2005 Vol. 3, Ch. 9 & 11
2003-04	Yes	Positive	2004 Vol. 3, Ch. 15
2002-03	Yes	Positive	2003 Vol. 3, Ch. 13

* Corrected from the Plan for 2009-10 where this was denoted as "partially" satisfied; the Provincial Auditor provided an assessment in 2004-05 that was similar to that provided in the 2005-06 Report. The error was typographical.

Source: Provincial Auditor's Reports, available on-line at www.auditor.sk.ca

[1] Available online: www.finance.gov.sk.ca/PlanningAndReporting/2009-10/GovernmentDirection0910.pdf

The first column of the table describes the Provincial Auditor's satisfaction with processes and/or guidelines developed by the Ministry of Finance. From 2002-03 to 2005-06, the Provincial Auditor was satisfied with the "phased in" process to implement the Canadian Comprehensive Auditing Foundation (CCAF) principles for public reporting, and noted public accountability was progressively enhanced. In 2006-07, the Provincial Auditor was "partially" satisfied with the progress being made. While improvements were made to the plans and reports over 2005-06, the schedule to implement the remaining principles was not met as originally intended. This is a common occurrence across jurisdictions as governments work to build capacity for improved performance reporting.

The most recent Provincial Auditor's report assessed the 2007-08 fiscal year. The Provincial Auditor's comments were mixed; the report identified three areas to improve: 1) government should provide an overall plan to guide government as a whole; 2) reports should compare actual results to planned results; and, 3) the Legislative Assembly committees should be encouraged to review public agency plans and results.

With a late election in 2007, ministries were not able to publish plans with the 2008-09 Budget, but were guided by Minister Mandate Letters, the election platform, Ministers' direction, and 2008-09 Budget policy and financial priorities. In the 2008-09 fiscal year, government introduced new elements of accountability: publication of government's vision and goals, and Ministry Plans for 2009-10 that demonstrate alignment with government's direction; and, web-based plans that link to more information. These efforts make progress on two of the three recommended areas of improvement noted in the Auditor's 2008 Report.

The second column of the table on page 22 describes the Provincial Auditor's assessment of ministry plans and annual reports. The assessment is positive, as overall, the Provincial Auditor has determined that ministries comply with guidelines published by the Ministry of Finance. As of 2007, the Provincial Auditor no longer assessed individual reports.

While suggestions for improvement to move ministries toward better performance reporting can be made, the measure is not solely within the control of the Ministry of Finance.

Personnel Policy Secretariat

The Personnel Policy Secretariat (PPS) provides support and advice to the Sub-Committee on Public Sector Bargaining, client employers and government ministries with respect to the management of collective bargaining and compensation activities. It also provides general human resource policy advice on initiatives of the provincial public sector, and facilitates the integration of public sector compensation strategies into planning and budgeting processes.

PPS provides advice on collective bargaining and compensation for approximately 59,000 public sector employees in Executive Government, Treasury Board Crowns, Boards and Agencies, the K-12 and post-secondary education sector and the health sector.

Results

- A settlement was achieved between the Saskatchewan Union of Nurses and the Saskatchewan Association of Health Organizations on July 6, 2008, covering 5,896 FTEs.

- At the end of 2008-09 there were six open collective agreements, all in the health care sector. The open agreements include: agreements which expired March 31, 2008 with the health service providers, composed of the Canadian Union of Public Employees (CUPE), Service Employees' International Union (SEIU) and the Saskatchewan Government and General Employees' Union (SGEU), as well as two small bargaining units at regional laundries, covering approximately 18,000 FTEs, and the more recently expired Health Science Association of Saskatchewan (HSAS), representing nearly 2,000 FTEs. Several negotiation sessions with the provider group have been held, and progress has been very slow. Negotiations with HSAS have also commenced. No bargaining tables are under immediate threat of strike action, but all of the health care tables may be contentious.

Central Management and Services

Central Management and Services provides direction, guidance and support for internal operations and client agencies. This work includes executive management and the management of communications, financial services, procurement, information technology, security and facilities.

Pensions and Benefits Administration

Finance, through the Public Employees Benefits Agency (PEBA), administers pension and benefit programs for employees of the Executive Government, Crown corporations and government-funded bodies.

As part of its mandate, PEBA ensures that plans are administered in accordance with legislation and the prevailing governance system. Plan design is reviewed regularly to ensure that the needs of plan members and employers are addressed.

An annual report is prepared and tabled for each pension and benefit plan under PEBA's administration. For more information, go to **www.peba.gov.sk.ca** and click on the "publications" link.

Results

- Information within three plan annual reports – Public Service Superannuation Plan (PSSP), Saskatchewan Liquor Board Superannuation Plan and the Saskatchewan Pension Annuity Fund (SPAF) – has been enhanced. This provides improved accountability and clearer alignment with business plans.

- In January 2009, members of the Public Employees Pension Plan (PEPP) could participate in a member survey. The survey was undertaken to see if the services members want are being provided and to gauge the usefulness of communications. Of the 28,624 active plan members, 12.7 per cent participated.

- In October 2008, members and employers of the Municipal Employees' Pension Plan (MEPP) were surveyed for input to determine actions to pay for current service costs. More than 70 per cent of members and 80 per cent of employers supported an increase in contribution rates over a reduction in future benefits.

2008-09 Financial Overview

Expense

In 2008-09 the Ministry had expenses of $290.8 million, down $7.7 million from the Budget Estimate of $298.5 million. Excluding pensions and benefits, the Ministry spent $40.8 million, down $3.5 million from the Budget Estimate of $44.3 million, primarily due to savings from vacancies. Spending for pensions and benefits decreased $4.2 million from the Budget Estimate of $254.3 million. This was primarily related to reductions for Employees' Benefits, Public Employees Pension Plan, and Canada Pension Plan, Employment Insurance and Workers' Compensation premiums due to salaries across government being lower than anticipated.

The *Supplementary Estimates – November* provided $0.1 million additional funding to supplement the Judges Superannuation Plan due to a higher-than-anticipated number of retirements and $0.7 million to the Public Employees Benefits Agency Revolving Fund to purchase new operational equipment.

The following table outlines information on budgeted and actual expense by subvote and subprogram. Variance explanations are provided for all changes greater than $100,000.

Expense

Program	2007-08 Actual	(in thousands of dollars) 2008-09 Budget	2008-09 Actual	2008-09 Variance
Central Management and Services	**$ 6,581**	**$ 6,734**	**$ 6,074**	**$ (660)**
Treasury and Debt Management	**2,537**	**2,905**	**2,564**	**(341)**
Provincial Comptroller	**7,697**	**8,942**	**8,252**	**(690)**
Budget Analysis	**5,036**	**4,956**	**4,546**	**(410)**
Revenue	**17,989**	**18,961**	**18,029**	**(932)**
Revenue Division	13,570	14,417	13,645	(772)
Allowance for Doubtful Accounts	2,100	2,100	2,100	0
CRA Income Tax Administration	1,019	1,144	984	(160)
Driver Licence Photo Identification Program	1,300	1,300	1,300	0
Personnel Policy Secretariat	**620**	**608**	**262**	**(346)**
Miscellaneous Payments	**122**	**157**	**79**	**(78)**
Bonding of Public Officials	80	82	60	(22)
Unforeseen and Unprovided For	43	50	19	(31)
Implementation of Guarantees (Statutory)	0	25	0	(25)
Pension and Benefits	**242,925**	**254,278**	**250,034**	**(4,244)**
Public Service Superannuation Plan (Statutory)	107,861	111,747	111,850	103
Members of the Legislative Assembly (Statutory)	2,803	3,067	2,517	(550)
Judges Superannuation Plan (Statutory)	2,689	2,892	2,799	(93)
Public Employees Pension Plan	48,400	52,020	51,116	(905)
Canada Pension Plan – Employer's Contribution	25,854	27,187	26,154	(1,033)
Employment Insurance – Employer's Contribution	11,879	11,877	11,596	(281)
Workers' Compensation – Employer's Assessment	8,931	8,887	8,777	(110)
Employees' Benefits – Employer's Contribution	33,428	34,572	33,518	(1,054)
Services to Public Service Superannuation Plan Members	1,208	1,517	1,254	(263)
Public Employees Benefits Agency Revolving Fund – Subsidy – Net Expense (Recovery) (Statutory)	(129)	512	453	(59)
Amortization of Capital Assets	**955**	**993**	**992**	**(1)**
Machinery and Equipment	0	4	0	(4)
Office and Information Technology	887	907	919	12
Land, Building and Improvements	68	82	73	(9)
Total Expense	**$ 284,463**	**$ 298,534**	**$ 290,832**	**$ (7,702)**
Capital Asset Acquisitions	1,012	575	423	(152)
Capital Asset Amortization	(955)	(993)	(992)	1
Total Appropriation	**$ 284,519**	**$ 298,116**	**$ 290,263**	**$ (7,853)**

Central Management and Services

Savings of $660,000 are primarily related to reduced communications expenses and an accommodations credit due to the decision to retroactively charge PSC rent back to April 1, 2008.

Treasury and Debt Management

Savings of $341,000 are related to lower-than-anticipated bank charges and salary savings due to a vacancy.

Provincial Comptroller

Savings of $690,000 are primarily related to salary savings due to vacancies, delayed staffing actions and backfilling at a lower cost with non-permanent staff.

Budget Analysis

Savings of $410,000 are due to vacancies and reduced travel expense.

Revenue Division

Savings of $772,000 are primarily a result of unspent IT systems development dollars and staff turnover.

CRA Income Tax Administration

Savings of $160,000 as actual 2007 Canada Revenue Agency (CRA) admin fee was lower than estimated and 2008 CRA admin fee expectation was likewise lowered.

Personnel Policy Secretariat

Savings of $346,000 due to vacancies.

Public Service Superannuation Plan (Statutory)

An increase of $103,000 is due to actual superannuation allowance being greater than expected.

Members of the Legislative Assembly – Pensions and Benefits (Statutory)

Savings of $550,000 are a result of a negative rate of return in the plan.

Public Employees Pension Plan

Savings of $905,000 are due to lower-than-expected salaries across government.

Canada Pension Plan – Employer's Contribution

Reduced premiums due to lower-than-expected salaries across government resulted in savings of $1.033 million.

Employment Insurance – Employer's Contribution

Reduced premiums due to lower-than-expected salaries across government resulted in savings of $281,000.

Workers' Compensation – Employer's Assessment

Reduced premiums due to lower-than-expected salaries across government resulted in savings of $110,000.

Employees' Benefits – Employer's Contribution

Savings of $1.054 million are due to lower-than-expected salaries across government.

Services to Public Service Superannuation Plan Members

Savings of $263,000 are a result of vacancies and reduced training costs.

Capital Asset Acquisitions

Capital asset acquisitions were $152,000 lower than budgeted due to a delay in the building renewal project ($232,000), offset by an additional $80,000 required to complete the MIDAS Inventory Module project.

Revenue

The Ministry of Finance collects revenue relating to taxation, non-renewable resources via the Resource Surcharge, transfers from other government entities, interest, premium, discount and exchange, motor licence fees, transfers from the federal government, and other smaller revenue sources. All revenue collected is deposited into the General Revenue Fund (GRF). In 2008-09, the Ministry accounted for 61 per cent of total GRF revenue.

A new classification of revenue was used in the 2008-09 Public Accounts.

First, the Corporation Capital Tax (CCT) was split into its two components, with the Resource Surcharge being placed in the Non-Renewable Resources section. The General CCT portion was included with Other Taxes.

The second change was the removal of the Liquor Consumption Tax (LCT) from Sales Tax so that Provincial Sales Tax (PST) revenue is displayed on its own, as PST revenue will determine future municipal revenue sharing grants. The LCT, like the General CCT, is now included in Other Taxes.

The following financial information and discussion reflect the classification of revenue as presented in the 2008-09 Public Accounts.

Actual revenue at the Ministry was $516.8 million (7.3 per cent) higher than the budgeted amount. The increase from budget was due to a $317.4 million increase in federal transfers and a $199.4 million increase in own-source revenue, made up of higher-than-budgeted tax revenue ($117.9 million), resource surcharge ($92.1 million) and other-own source ($108.6 million), but lower transfers from Crown entities ($119.2 million).

The following section shows estimated and actual revenue, describes the Ministry's revenue sources and includes variance explanations for changes greater than $5 million.

Revenue

Source	(in thousands of dollars) 2008-09 Budget	2008-09 Actual	2008-09 Variance
Corporation Income Tax	$ 616,500	$ 591,930	$ (24,570)
Fuel Tax	413,300	429,162	15,862
Individual Income Tax	1,932,000	1,844,226	(87,774)
Provincial Sales Tax	918,000	1,108,628	190,628
Tobacco Tax	183,800	199,072	15,272
Other Taxes	241,200	249,683	8,483
Taxes	**4,304,800**	**4,422,701**	**117,901**
Resource Surcharge	366,200	458,299	92,099
Non-Renewable Resources	**366,200**	**458,299**	**92,099**
Crown Investments Corporation of Saskatchewan	185,000	0	(185,000)
– Special Dividend	365,000	365,000	0
Saskatchewan Liquor and Gaming Authority	383,600	446,652	63,052
Other Enterprises and Funds	22,679	25,417	2,738
Transfers from Crown Entities	**956,279**	**837,069**	**(119,210)**
Interest, Premium, Discount and Exchange	90,200	186,661	96,461
Motor Vehicle Fees	141,500	151,143	9,643
Other Licences and Permits	93	87	(6)
Sales, Services and Service Fees	20	20	0
Other	4,374	6,918	2,544
Other Revenue	**236,187**	**344,829**	**108,642**
Canada Health Transfer	810,900	823,496	12,596
Canada Social Transfer	335,000	338,301	3,301
Other	34,869	336,343	301,474
Transfers from the Federal Government	**1,180,769**	**1,498,140**	**317,371**
Total Ministry of Finance Revenue	**$ 7,044,235**	**$ 7,561,038**	**$ 516,803**

Corporation Income Tax

Corporate Income Tax (CIT) is administered on the Province's behalf by the federal government using a common national determination of corporate taxable income. For a particular taxation year, the federal government makes instalment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed. These reconciliations are accounted for approximately 15 months after the end of a taxation year (i.e., the adjustment payment for the 2007 taxation year was received by the GRF in the fourth quarter of 2008-09).

On July 1, 2008, the CIT general rate was lowered from 13 per cent to 12 per cent and the small business income threshold was increased from $450,000 to $500,000. Currently, the small business CIT rate is 4.5 per cent, while the rate for companies involved in manufacturing and processing activities is as low as 10 per cent, depending on the extent of the company's presence in the province.

CIT revenue decreased $24.6 million, or 4.0 per cent, from the Budget Estimate primarily due to revised federal estimates of the national base that resulted in a decrease in the provincial base, upon which 2008-09 instalment payments are made to the Province. This decrease was partially offset by stronger-than-anticipated assessments for the 2006 taxation year that led to a higher prior-year reconciliation payment than forecast at budget.

Fuel Tax

Fuel Tax is levied on purchases of all types of fuel under the authority of *The Fuel Tax Act, 2000*. The tax ranges from a fixed rate of 1.5 cents per litre on aviation fuel to 15 cents per litre on gasoline and diesel. Saskatchewan provides an 80 per cent exemption for farm-use diesel fuel and unleaded gasoline purchased at bulk-fuel dealers, as well as for the use of diesel fuel by primary producers in their off-road activities. First Nations retailers are also eligible to receive a refund of the Fuel Tax on eligible on-reserve purchases by First Nations individuals, as are commercial aircraft carriers that purchase fuel for international flights.

Fuel Tax revenue increased $15.9 million, or 3.8 per cent, from the Budget Estimate. The increase is primarily due to higher-than-expected fuel consumption, consistent with stronger-than-expected economic growth and a growing population. All fuel types finished higher than budgeted, particularly diesel and unleaded gasoline.

Individual Income Tax

Saskatchewan's Individual Income Tax is administered on the Province's behalf by the federal government using a common national determination of taxable income. For a particular taxation year, the federal government makes instalment payments to the Province on the basis of estimates, which are reconciled to actual assessments once tax returns for that taxation year have been filed. These reconciliations are accounted for approximately 15 months after the end of a taxation year (i.e., the adjustment payment for the 2007 taxation year was received by the GRF in the fourth quarter of 2008-09).

Individual Income Tax revenue decreased $87.8 million, or 4.5 per cent, from the Budget Estimate largely due to the impact of the October 2008 tax reduction package. This decrease was partially offset by a higher-than-budgeted prior-year reconciliation payment as the result of stronger taxable income growth in 2007 than previously estimated for initial payment purposes. In addition, stronger growth forecasts for 2008 and 2009 compared to budget assumptions, combined with a higher taxable income base in 2007, led to higher instalment payments over the course of 2008-09.

Provincial Sales Tax

The Provincial Sales Tax (PST) rate is a five per cent sales tax applied to the purchase, importation, or rental of certain goods and services.

PST revenue increased $190.6 million, or 20.8 per cent, from the Budget Estimate. An in-year accounting change related to the new Saskatchewan Low-Income Tax Credit accounts for $25.2 million of the increase since budget.

The remainder of the increase is due to much higher-than-budgeted economic growth in 2008-09 and a corresponding increase in taxable sales of goods and services. For example, the current estimate of 2008 Saskatchewan nominal GDP is 19.1 per cent higher than assumed in the 2008-09 Budget. Personal expenditures are estimated to be 5.2 per cent higher than assumed at budget.

Tobacco Tax

The Tobacco Tax is levied on retail purchases of all types of tobacco under the authority of *The Tobacco Tax Act, 1998*. The tax rate is 18.3 cents per cigarette or gram of tobacco. A major component of Saskatchewan's Tobacco Tax is the refund available to First Nations retailers on eligible on-reserve tobacco sales to First Nations individuals.

Tobacco Tax revenue increased $15.3 million, or 8.3 per cent, primarily due to the recognition of revenue related to a tobacco tax lawsuit settlement with two tobacco companies. In addition, higher-than-forecast tobacco sales, primarily cigarettes and cigars, contributed to the increase.

Other Taxes

Other Taxes revenue collected by the Ministry of Finance includes the general portion of the Corporation Capital Tax, Liquor Consumption Tax, Insurance Premiums Tax, Motor Vehicle Insurance Tax, Fire Prevention Tax, Pari-Mutuel Tax, and Succession Duties.

The general portion of the Corporation Capital Tax (CCT) is a tax on the amount of paid-up capital in excess of $10 million. An additional exemption of up to $10 million is available to corporations depending on the proportion of total wages and salaries that are paid in Saskatchewan. On July 1, 2008, the general CCT rate was eliminated, except for provincial Crown corporations and financial institutions. For new capital investments, the general CCT was eliminated on July 1, 2006.

The Liquor Consumption Tax (LCT) is a 10 per cent tax on the total selling price of beer, wine and spirits.

The various insurance taxes collected by the Ministry are generally a levy on premiums, ranging from one to four per cent.

Other tax revenue increased $8.5 million, or 3.5 per cent, from the Budget Estimate, primarily due to higher-than-budgeted LCT revenue as the result of stronger economic activity. This increase was partially offset by lower CCT revenue as general corporations made lower-than-budgeted payments in 2008-09.

Resource Surcharge

The Resource Surcharge, levied under *The Corporation Capital Tax Act*, is charged against the value of resource sales of large resource corporations. On July 1, 2008, the Resource Surcharge general rate was reduced from 3.1 per cent to 3.0 per cent, while the special fourth-tier rate was reduced from 1.75 per cent to 1.70 per cent.

Resource Surcharge revenue increased $92.1 million, or 25.1 per cent, from the Budget Estimate, primarily due to higher-than-forecast resource prices over the past 12 to 18 months, particularly potash and oil. Despite a significant decline in resource prices in the latter half of 2008-09, average prices were still much higher over the fiscal year than anticipated at budget.

Crown Investments Corporation of Saskatchewan

The dividend from the Crown Investments Corporation (CIC) of Saskatchewan is based on CIC projected net earnings, which are paid to the General Revenue Fund (GRF).

In 2008-09, a decision was made to forgo the regular, budgeted $185.0 million dividend from CIC. This decision did not impact the budgeted special dividend – the $365.0 million special CIC dividend was received in 2008-09.

Saskatchewan Liquor and Gaming Authority

The Saskatchewan Liquor and Gaming Authority (SLGA) dividend to the GRF is based on the net income of the Authority. The SLGA is responsible for the distribution, operation and regulation of liquor and gaming activity in the Province, including responsibility for the Saskatchewan Indian and Gaming Authority (SIGA). Dividends from SLGA consist of retail liquor net income, gaming (VLT) net income and SIGA net income. SIGA opened its sixth casino in 2008-09 (Living Skies in Swift Current).

The SLGA transfer to the GRF increased $63.1 million, or 16.4 per cent, from the Budget Estimate. The increase is due to higher-than-anticipated liquor sales volumes and the resulting increase in retail liquor net income. In addition, SIGA net income was higher than budgeted, primarily due to increased activity and the full-year impact of operations at the Dakota Dunes casino. The SLGA results are consistent with stronger-than-forecast economic growth and personal incomes in Saskatchewan.

Other Enterprises and Funds

Other Enterprises and Funds include dividends paid to the GRF by other government enterprises and special funds. This includes Saskatchewan Gaming Corporation (SGC) net income and one-time dividends from other government entities.

Interest, Premium, Discount and Exchange

Revenue from this source includes interest received on bank deposits, sinking fund earnings, interest on advances, investments and accounts receivable and certain amounts recovered from Crown corporations.

Interest, premium, discount and exchange increased $96.5 million, or 106.9 per cent, from the Budget Estimate. The increase is primarily due to higher-than-expected investment income on available working capital and sinking funds. This was due largely to the higher-than-budgeted surplus and $1.8 billion of discretionary sinking fund contributions that were made as a method of debt reduction.

Motor Vehicle Fees

Revenue from this source includes motor vehicle licences, fees and registrations, and is collected by Saskatchewan Government Insurance (SGI) on behalf of the Province. It does not include any insurance portion of vehicle plating costs.

Motor vehicle fees increased $9.6 million, or 6.8 per cent, from the Budget Estimate. The increase is primarily due to higher-than-anticipated economic activity across the province. All components of motor vehicle fees were higher than budgeted, particularly commercial registrations and permits.

Other Licences and Permits

Other Licences and Permits revenue consists of annual licence and decal fees collected from inter-jurisdictional truckers under the International Fuel Tax Agreement (IFTA).

Sales, Services and Service Fees

Sales, Services and Service Fees revenue in the Ministry of Finance consists of debt guarantee fees.

Other Other Revenue

Other Other revenue consists of all other recurring operational revenue not otherwise classified, including refunds of prior-years' expenditures, recovery of loans, and contributions by employees and others to retirement and insurance plans.

Canada Health Transfer

The Canada Health Transfer (CHT) assists provinces and territories in maintaining the national criteria and conditions in the *Canada Health Act*. Funding for the CHT is made up of cash payments from the federal government and tax transfers to the provinces and territories.

Saskatchewan received $823.5 million in CHT payments from the federal government, $12.6 million above the Budget Estimate. The increase is primarily due to positive prior-year reconciliations that were received in 2008-09.

Canada Social Transfer

The Canada Social Transfer (CST) assists provinces and territories in providing post-secondary education, social assistance and social services, including early childhood development and early learning and child care. Funding for the CST is made up of cash payments from the federal government and tax transfers to the provinces and territories.

Other Transfers from the Federal Government

Other federal transfer revenue consists of a legislated subsidy from the Government of Canada, as well as various federal-provincial cost-sharing agreements, including federal funding for targeted initiatives that are funded via third-party trusts and one-time payments.

Other transfers from the federal government received by the Ministry of Finance increased $301.5 million over budget. The increase is primarily due to the receipt of unbudgeted federal funding via four trust funds: the Saskatchewan Carbon Capture and Storage Demonstration Trust ($240.0 million), Community Development Trust ($36.4 million), Public Transit Capital 2008 Trust ($14.9 million) and the Police Officers Recruitment Trust ($11.7 million).

Revolving Funds

The Ministry is responsible for the Public Employees Benefits Agency Revolving Fund that accounts for the administration costs of the various pension plans and benefit programs administered by PEBA. The costs incurred by the Fund for providing services are allocated to, and reimbursed primarily by, various pension and benefit plans. For more information about this Fund please visit the following website:
www.peba.gov.sk.ca/Agency/peba_ann_reports.html

For More Information

If you have any questions or comments, please call 1-866-862-6246.

For additional copies of this Annual Report, call 787-6623.

All Saskatchewan Finance programs and services can be accessed at **www.finance.gov.sk.ca.** Publications can be accessed by clicking on the "Publications" tab.

Appendix A: Senior Management Committee

Doug Matthies, Deputy Minister

Margaret Johannsson, Assistant Deputy Minister
Revenue Division

Karen Layng, Assistant Deputy Minister
Treasury Board Branch

Kirk McGregor, Assistant Deputy Minister
Taxation and Intergovernmental Affairs Branch

Terry Paton, Provincial Comptroller
Provincial Comptroller's Division

Dennis Polowyk, Assistant Deputy Minister
Treasury and Debt Management Division

Brian Smith, Assistant Deputy Minister
Public Employees Benefits Agency

Joanne Brockman, Executive Director
Economic and Fiscal Policy Branch

Randy Burton, Executive Director
Communications Branch

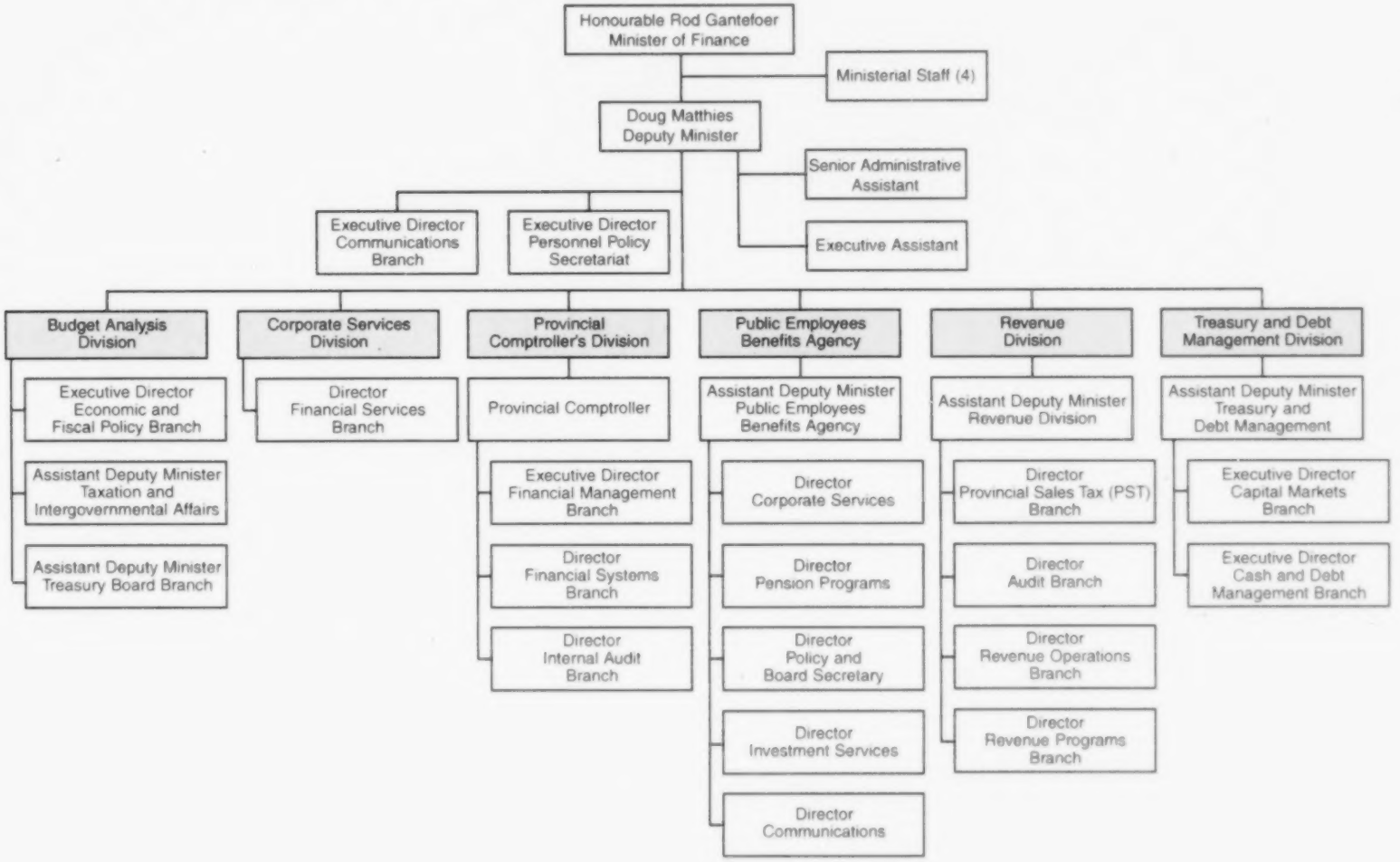
Tor Veltheim, Executive Director
Personnel Policy Secretariat

Louise Usick, Director
Financial Services Branch

Alan Hogg, Executive Assistant
to the Deputy Minister

Dana Fauth, Senior Administrative Assistant

Appendix B: Organizational Chart


Honourable Rod Gantefoer
Minister of Finance
Ministerial Staff (4)
Doug Matthies
Deputy Minister
Senior Administrative Assistant
Executive Assistant
Executive Director Communications Branch
Executive Director Personnel Policy Secretariat
Budget Analysis Division
Executive Director Economic and Fiscal Policy Branch
Assistant Deputy Minister Taxation and Intergovernmental Affairs
Assistant Deputy Minister Treasury Board Branch
Corporate Services Division
Director Financial Services Branch
Provincial Comptroller's Division
Provincial Comptroller
Executive Director Financial Management Branch
Director Financial Systems Branch
Director Internal Audit Branch
Public Employees Benefits Agency
Assistant Deputy Minister Public Employees Benefits Agency
Director Corporate Services
Director Pension Programs
Director Policy and Board Secretary
Director Investment Services
Director Communications
Revenue Division
Assistant Deputy Minister Revenue Division
Director Provincial Sales Tax (PST) Branch
Director Audit Branch
Director Revenue Operations Branch
Director Revenue Programs Branch
Treasury and Debt Management Division
Assistant Deputy Minister Treasury and Debt Management
Executive Director Capital Markets Branch
Executive Director Cash and Debt Management Branch

Appendix C: Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) administers 11 pension plans, one annuity fund, and 20 benefit plans for the Saskatchewan public sector and its retirees. PEBA operates on a revolving fund basis and allocates operating costs to the plans that incur the expenses.

Total assets of the plans administered by PEBA are approximately $5.8 billion. Combined, the pension, retirement and annuity fund have approximately 77,000 members and the benefit plans have approximately 71,000 members. Individuals may be members of a pension plan and more than one benefit plan.

PEBA's current strategic plan was approved and finalized in January 2009. Vision, mission, and values were addressed within the organization in order to set goals, objectives and action plans.

PEBA has three primary client groups: plan members and their unions; boards and commissions that oversee the plans; and the plan members' employers. Each group depends on PEBA to provide quality service including accurate and timely information, as well as efficient transaction processing.

The Public Employees Benefits Agency administers the following pension and benefit plans:

Pension Programs

Anti-Tuberculosis League Employees Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Saskatchewan Liquor Board Superannuation Plan

The Members of the Legislative Assembly Benefits Act

Supplementary Retirement Plan (MLAs)

Municipal Employees' Pension Plan

Public Employees Pension Plan

Additional Pension Contribution Plan

Public Service Superannuation Plan

Saskatchewan Pension Annuity Fund

Saskatchewan Transportation Company Employees Superannuation Plan

Pension Plan for the Employees of the Saskatchewan Workers' Compensation Board

Benefit Programs

Public Deferred Salary Leave Fund

Extended Health Care Plan

Extended Health Care Plan for Retired Employees

Extended Health Care Plan for Certain Other Employees

Extended Health Care Plan for Certain Other Retired Employees

Public Employees Dental Fund

Public Employees Disability Income Plan

Public Employees Group Life Insurance Fund

Public Employees Benefits Agency Revolving Fund

Scheduled Aircraft Insurance Plan

Unscheduled Aircraft Insurance Plan

The Government of Saskatchewan and Canadian Union of Public Employees Local No. 600-3 Benefits Plans Surplus Fund

The Government of Saskatchewan and Saskatchewan Government and General Employees' Union Benefit Plans' Surplus Fund

Additional Benefit Plans Administered for Employers

The SaskPower Supplementary Superannuation Plan

Saskatchewan Government Insurance Service Recognition Plan

SaskPower Designated Employee Benefit Plan

Saskatchewan Water Corporation Retirement Allowance Plan

Saskatchewan Watershed Authority Retirement Allowance

SaskEnergy Retiring Allowance Plan

SaskPower Severance Pay Credits Plan

Appendix D: Publications List

All Saskatchewan Finance publications can be accessed at **www.finance.gov.sk.ca** – click on the "Publications" tab.

Ministry of Finance Annual Report
Offers a narrative and financial overview of the operations of the Ministry of Finance for the previous fiscal year and identifies actions for the upcoming fiscal year.

Plan
The Ministry Plan for 2009-10 demonstrates how the Ministry aligns with government's vision and goals and presents a high level framework for the Ministry's activities in 2009-10. Contained in this plan are the strategies and actions that will be pursued in the upcoming year, measures to gauge progress and a financial summary.

Budget Documents and Backgrounders
Offer financial details of the annual Provincial Budget. Published in March of each year. Main documents include the Budget Summary Book, Estimates and Supplementary Estimates.

- **Budget Summary Book**
  Offers an overall view of the Provincial Budget. Includes financial tables, as well as program highlights for the upcoming year.

- **Estimates**
  The Estimates represent the government's financial plan for the General Revenue Fund presented to the Legislative Assembly for the fiscal year commencing April 1, and ending on March 31 of the following year. The Estimates outline the estimated expenditures, revenues, loans, advances and investments of the General Revenue Fund categorized in a manner to inform both the Members of the Legislative Assembly and the public. The Estimates are presented in accordance with *The Financial Administration Act, 1993.*

- **Supplementary Estimates**
  The Supplementary Estimates for the fiscal year ending March 31 represent funding provided by special warrants issued subsequent to the passage of the Main Appropriation Bill for the previous year. Supplementary Estimates are prepared and presented to the Legislative Assembly pursuant to section 14 of *The Financial Administration Act, 1993.*

First Quarter Report
Offers details of the government's financial picture on a General Revenue Fund basis as of the first quarter (April, May, June) of the fiscal year, compared to Budget. Published within 60 days of end of first quarter.

Mid-Year Report
Offers details of the government's financial picture on a General Revenue Fund basis as of the second quarter (April – September) of the fiscal year, compared to Budget and First Quarter. Published within 60 days of end of second quarter.

Third Quarter Report
Offers details of the government's financial picture on a General Revenue Fund basis as of the third quarter (April – December) of the fiscal year, compared to Budget and Mid-Year. Published within 60 days of end of third quarter.

Public Accounts Documents

- **Volume 1**
  Volume 1 of the Public Accounts contains the General Revenue Fund financial statements and the Summary financial statements. It also contains information on the Growth and Financial Security Fund and the Province's debentures. Volume 1 also includes a detailed Financial Statement Discussion and Analysis section. Usually published in June/July.

- **Volume 2**
  Volume 2 of the Public Accounts provides detailed information on revenues and expenses of the General Revenue Fund, information on the trust funds administered by the government and a listing of remissions of taxes and fees. Usually published in September/October.

- **Compendium**
  The Compendium contains the financial statements of various boards, agencies, commissions, pension plans, special purpose funds and institutions, as well as those Crown corporations which are accountable to Treasury Board.

Tax Information Bulletins and Forms
The Revenue Division of the Ministry of Finance prepares a number of information bulletins and forms about the taxes and programs administered. This information explains how the Provincial Sales Tax, Fuel Tax, Tobacco Tax, Corporation Capital Tax, Liquor Consumption Tax, and other taxes apply in specific situations.

Financial Administration Manual
The Financial Administration Manual (FAM) communicates Treasury Board's policies and the Provincial Comptroller's directives to ministries and public agencies. These financial policies and directives are made pursuant to *The Financial Administration Act, 1993*. FAM contains information to assist ministries and public agencies in controlling, managing and accounting for government financial resources.

Natural Account Manual
The Natural Account Manual provides information on the asset, liability, equity, revenue and expense accounts available for use in MIDAS (the government's central financial system).

Frequently Asked Questions About Government Payment Authorities
Offers guidance about government payment processes to those involved with initiating, approving or processing government payments. It is intended to be used by deputy ministers and other senior managers, program managers and executive directors/directors of administration and their staff.

Australian Medium-Term Note Information Memorandum
The AMTN Programme enables the Province to issue debt instruments in the Australian capital market.

Annual Report of the Province of Saskatchewan on Form 18K
The Annual Report is a disclosure document filed with the United States Securities and Exchange Commission, which provides an overview of the economic and fiscal position of the Province.

Saskatchewan Bureau of Statistics
www.stats.gov.sk.ca

- **Saskatchewan Provincial Economic Accounts**
  Provides detailed data of the Saskatchewan economy in terms of Gross Domestic Product. Published twice annually.

- **Economic Review**
  Provides a compendium of the most asked questions relating to Saskatchewan statistics, including data on agriculture, business, employment, investment and Gross Domestic Product. Published annually.

- **Monthly Statistical Review**
  Provides up-to-date economic and social statistics relating to Saskatchewan. Produced monthly.

- **Saskatchewan Fact Sheet**
  Provides a snapshot of important Saskatchewan economic and social statistics for the previous two years. Produced annually and in both English and French.

- **Labour Force Survey**
  Tables provide labour force and employment data from the Statistics Canada Labour Force Survey. Produced monthly.

- **Consumer Price Index**
  Tables provide price data from the Statistics Canada Consumer Price Index. Produced monthly.

- **Quarterly Population Report**
  Tables provide population and demography data from the Statistics Canada Demography Division. Produced quarterly.

- **Census Report**
  Provides information from the 2006 Census of Canada.

Public Employees Benefits Agency (PEBA)
PEBA operates as a central body within the Ministry of Finance to administer pension and benefit programs for employees of Executive Government, Crown corporations and government-funded bodies.
www.peba.gov.sk.ca

- **PEBA Annual Reports**
  Annual Reports provide information about the Plan's operations, membership, and administrative expenses and include financial statements for the year. PEBA produces 23 annual reports.

- **Acceptable Documentation**
  This document outlines the documentation that PEBA will use in administering the pension and benefit programs that the Agency is responsible for.

- **Statement of Investment Policies and Goals/Procedures (SIP&G; SIP&P)**
  The following policy documents outline parameters around the investment of the various plans' assets setting rate of return standards, asset mix guidelines and risk tolerance. Documents are used by various fund managers to manage the plans' assets. The boards and commissions use this to evaluate the manager's performance.

  Public Employees Pension Plan
  - PEPP Statement of Investment Policies and Goals – April 2008

  The Saskatchewan Pension Annuity Fund
  - SPAF Investment Policy Summary (as of June 2007)
  - Statement of Investment Policies and Goals (as of June 2008)

  Municipal Employees' Pension Plan
  - Investment Policy Summary (as of March 2008)
  - Statement of Investment Policies and Procedures (as of April 2008)

  Saskatchewan Liquor Board Superannuation Plan
  - Investment Policy Summary (as of March 2008)
  - Statement of Investment Policies and Objectives

- **Public Service Superannuation Plan (PSSP)**

  Saskatchewan Transportation Company Superannuation Plan
  - Investment Policy Summary (as of March 2008)
  - Statement of Investment Policies and Goals

- **Benefits**

  Public Employees Benefits Agency Disability Income Plan
  - Investment Policy Summary (as of March 2008)
  - Statement of Investment Policies and Objectives

  Public Employees Benefits Agency Group Life Insurance Plan
  - Investment Policy Summary (as of March 2008)
  - Statement of Investment Policies and Objectives

- **Member Newsletters**
  The newsletters provide current information to members about Plan provisions, proposed changes to legislation, regulations and administrative matters and address topics of interest to members (i.e., retirement planning, risk management, investments and the pension industry).

  Public Employees Pension Plan (PEPP) – *Pension Perspectives*
  (four times each fiscal year)

  Municipal Employees' Pension Plan (MEPP) – MEPP *Matters*
  (twice each fiscal year)

- **Member Booklets**
  Member Booklets contain detailed information concerning the various plans offered and the benefits available to the members. These are a valuable resource to all Plan members, so that they know their exact entitlements under the various plans.

  Pension Plans
  - Public Employees Pension Plan
  - Municipal Employees' Pension Plan
    General Member
    Designated Police Officer and Firefighter
  - Public Service Superannuation Plan

Benefit Plans
- Public Employees Group Life
- Public Employees Disability Income Plan
  Employee Booklet
  Plan Document
- Public Employees Dental Plan
  Maximum Reimbursement Schedules (MRS) – list the codes and the cost for each procedure that is covered in the Plan. The schedules are updated every year, usually in January.
- Public Employees Deferred Salary Leave Plan

Extended Health Care Booklets
- Extended Health Care Plan PS/GE SGEU Retiree Booklet
- Extended Health Care Plan CUPE 600-3 Retiree Booklet
- Extended Health Care Plan Out-of-scope Retiree Booklet
- Extended Health Care Plan Booklet PS/SGEU and CUPE 600-3: Effective January 1, 2008
- Extended Health Care Plan Booklet (Management) Employees: Effective January 1, 2008

- **Employer Bulletins**
  Bulletins notify employers about legislation, regulations, and administrative changes affecting the Plan, as well as new services being offered to the members or procedural changes.

  PEPP
  PSSP
  MEPP

- **Employer Administration Guides (PEPP)**
  Assists employers in performing their responsibilities necessary for the administration of the Plan.

- **Pension Adjustment Guides**
  Assists users in calculating and reporting Pension Adjustments.

  MEPP
  PSSP

- **Employer Manual (MEPP)**
  Provides instructions to employers regarding administrative and reporting procedures.

- **Employer Defined Benefit Administration Guide**
  Provides instructions to employers regarding administrative and reporting procedures.

- **Other Information**

Information Sheets
Provide detailed information on specific topics related to Plan provisions.
- PEPP *Talk*
- InfoSheets (PSSP)
- MEPP In-Depth

MEPP
- Actuarial Valuation of the Saskatchewan Municipal Employees' Pension Plan (as at December 31, 2007)
- Actuarial Valuation Report (as at December 31, 2007) on The Annuities Underwritten by The Municipal Employees' Pension Plan

Appendix E: Legislation

Under Order-in-Council No. 404/2009 dated May 29, 2009, the Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Certified General Accountants Act, 1994

Certified Management Accountants Act

Certified Management Consultants Act

Chartered Accountants Act, 1986

Corporation Capital Tax Act

Federal-Provincial Agreements Act

Financial Administration Act, 1993

Fuel Tax Act, 2000

Growth and Financial Security Act

Home Energy Loan Act

Income Tax Act

Income Tax Act, 2000

Insurance Premiums Tax Act

Liquor Consumption Tax Act

Management Accountants Act

Members of the Legislative Assembly Benefits Act

Motor Vehicle Insurance Premiums Tax Act

Municipal Employees' Pension Act

Municipal Financing Corporation Act

Provincial Auditor Act

Provincial Sales Tax Act

Public Employees Pension Plan Act

Public Service Superannuation Act

Revenue and Financial Services Act

Saskatchewan Development Fund Act

Saskatchewan Pension Annuity Fund Act

Saskatchewan Pension Plan Act

Statistics Act

Superannuation (Supplementary Provisions) Act

Tabling of Documents Act, 1991

Tobacco Tax Act, 1998

Although not listed in the Order-in-Council, the Minister is also responsible for the *Appropriation Act.*

Furthermore, the Ministry has responsibilities under the following legislation:

Fire Prevention Act, 1992

Liquor Board Superannuation Act

Provincial Court Act, 1998

Public Health Act, 1994

Saskatchewan Assistance Act

Appendix F: Public Service as a Percentage of the Saskatchewan Population

2008-09 Workforce Utilization of Executive Government			
Ministries	**Estimated FTEs[1]**	**Actual FTEs**	**Variance**
Advanced Education, Employment and Labour	621.6	591.4	(30.2)
Agriculture	516.6	525.9	9.3
Corrections, Public Safety and Policing	1,962.0	2,020.3	58.3
Education	321.3	310.4	(10.9)
Energy and Resources	270.4	262.1	(8.3)
Enterprise and Innovation[2]	68.9	52.5	(16.4)
Environment	1,040.3	973.2	(67.1)
Executive Council	78.0	68.4	(9.6)
Finance	444.5	413.1	(31.4)
First Nations and Métis Relations	74.0	63.5	(10.5)
Government Services	801.0	765.1	(35.9)
Health	698.7	640.8	(57.9)
Highways and Infrastructure	1,672.4	1,572.9	(99.5)
Information Technology Office	322.0	329.7	7.7
Intergovernmental Affairs	27.2	22.4	(4.8)
Justice and Attorney General	909.0	942.5	33.5
Municipal Affairs	137.0	132.1	(4.9)
Office of the Provincial Secretary	28.8	29.7	0.9
Public Service Commission	363.0	366.1	3.1
Social Services	1,973.1	1,943.4	(29.7)
Tourism, Parks, Culture and Sport	367.9	421.1	53.2
Ministry FTEs	**12,697.7**	**12,446.6**	**(251.1)**
Personal Service Contract Employees[3]		(52.4)	
Ministerial Assistants[4]		(110.6)	
Public Service FTEs		**12,283.6**	

[1] Full-time equivalents (FTEs) are defined in the regulations of *The Growth and Financial Security Act*. The values presented in this column are consistent with the FTEs included in the 2008-09 Budget Estimates.

[2] Enterprise and Innovation ceased to be a government ministry effective Nov. 1, 2008, with employees subsequently transferred to Enterprise Saskatchewan. The FTEs provided in the table reflect the number of FTEs employed up to the point that the ministry was dissolved.

[3] Personal service contract employees are not employed under *The Public Service Act, 1998*.

[4] Ministerial assistants are employed under a ministerial service agreement to provide services to ministers and the Premier of Executive Council. They are not employed under *The Public Service Act, 1998*.

Calculation of Performance Measure

$$\text{Public Service as \% of the Population} = \frac{\text{Public Service FTEs}}{\text{Population of Saskatchewan}}$$

For the purpose of this measure, data from the government's central payroll system is used to determine the size of the public service. Information from Statistics Canada is used to calculate the population of Saskatchewan. This information is available on a regular basis.

All executive government employees under *The Public Service Act, 1998* constitute the Public Service for the purposes of this calculation. The public service does not include other ministry employees such as personal service contracts or ministerial assistants. Nor does it include employees of the legislative branch, the judiciary, Members of the Legislative Assembly, or employees of separate Crown organizations.

As per section 33(3) of *The Growth and Financial Security Act*, Treasury Board may undertake initiatives respecting the size of the public service that Treasury Board considers appropriate. Typically, this control is exercised during the development of the annual provincial budget. Treasury Board may also make allowances for emergency or unforeseen events such as forest fire fighting.

While government can pursue initiatives to encourage population growth in the province, external factors, such as global and national economic conditions, will also influence the results.

Ministry annual reports provide explanation on the variance of individual ministry FTE utilization.

Appendix G: Glossary of Terms

Appropriation

An amount of funding that the legislature has authorized for a particular purpose.

Credit Rating

An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with above a minimum standard (level) credit rating.

Debt Servicing Costs

Costs associated with servicing the gross debt of the General Revenue Fund. The costs include interest, foreign exchange gains and losses, discounts, fees and commissions. Costs incurred to service Crown corporation debt are reimbursed by the Crown corporations.

Estimates

Documents tabled outlining the government's detailed financial plan for the year which form the basis for the requested appropriations. Estimates are tabled every year with the Budget Address.

Expenditure

The cost of operating government identified with a particular fiscal year or time period. Expenditures include the cost of government operated programs, interest on the public debt, transfer payments and capital acquisitions.

Financial System

Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets or liabilities.

Fiscal Year

The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)

The fund into which all revenues are paid, unless otherwise provided for by legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements

The financial statements prepared for the moneys appropriated by the Legislative Assembly.

Gross Debt

The gross debt of the Province consists of money owed directly to lenders through the sale of short-term promissory notes and medium and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Growth and Financial Security Fund (GFSF)

The GFSF was effective May 14, 2008 with the assent of *The Growth and Financial Security Act*. The purpose of the GFSF is twofold: 1) to assist in the achievement of the Government of Saskatchewan's long-term objectives by providing for financial security of the Government of Saskatchewan from year to year; and, 2) to provide a source of funds that are to be available for appropriation to be used for programs of the Government of Saskatchewan identified as promoting or enhancing the economic development of Saskatchewan.

Transfers to the GFSF represent either 50 per cent of any pre-transfer surplus for any fiscal year (required); or, subject to the approval of Treasury Board, the amount of significant, unexpected revenue received for the fiscal year, as determined by the minister (special transfer). Transfers out of the GFSF may be made by the minister, subject to the approval of Treasury Board, with the objective of achieving the aforementioned twofold purpose.

Guaranteed Debt

The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Ministry

An organizational unit of Executive Government created for the purpose of managing related programs.

Performance Measurement

Performance measurement is a process of defining performance measures or indicators to assess progress towards achieving the outcomes articulated in a strategic plan. Measurement results are analyzed, reported and the knowledge gained is used by the organization to modify and improve future activities.

Public Accounts

The Public Accounts of the Government of Saskatchewan are organized into two reports.

Volume 1 contains the General Revenue Fund financial statements and the Summary financial statements. These are the main financial statements of the Government of Saskatchewan.

Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the government, and a listing of remissions of taxes and fees.

Public Performance Results Reporting

The mechanism that government uses to communicate with the public on the achievements of ministries for a specific time period, compared to the intended results laid out in plans that are typically released with the budget and reported on after the close of the fiscal year. Ministries are required to prepare plans and report on their financial and non-financial performance within their annual report.

Revenue

The gross proceeds applicable to a fiscal year from taxes, licences, transfer payments and sources other than borrowing.

Revolving Funds

Funds established by statute which are used to isolate certain items of related revenue and expenditure. Revolving funds are net budgeted in the Estimates, and are used for specific government operations that recover all or a portion of the associated costs from the funds' users.

Sinking Funds

Funds set aside to provide for the orderly retirement of a portion of the Province's debt.

Strategic Planning

Strategic planning is a practical, action-oriented process that sets goals and allocates resources to achieve meaningful results over time. Plans describe the outcomes that the organization intends to achieve over the planning period and the key actions that will be taken in the short term to move the organization toward its desired outcomes.

Summary Financial Statements

The financial statements that report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Total Debt

The total debt of the General Revenue Fund consists of:

- gross debt – the amount of money owed to lenders; plus
- guaranteed debt – the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds – the amount of money which has been set aside for the repayment of debt.

Transfers

Transfers of money from the Government of Saskatchewan to an individual, organization, authority or other government for which no goods or services are directly received by government and no repayment is expected in the future. Terms such as "grants" and "entitlements" are often used for transfers.

Transfers to Individuals

Direct or indirect transfers of money for which no public service is required of the recipient. These transfers provide the recipient with a financial benefit and are usually in the nature of income support, subsidy or compensation payment. These transfers may include public goods and services that are income tested.

Transfers for Public Service

Transfers to individuals, organizations, Crown corporations and local authorities (for example: school boards, district health boards and municipalities) to fund public services such as health care and education. Transfers to government organizations and corporations, which in turn provide a direct transfer or subsidy to their clients, are treated as a transfer to an individual.

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